

REMARKS/ARGUMENTS

Claims 1-9 and 11-17 are present in this application. By this Amendment, claims 1, 16 and 17 have been amended, and claim 10 has been canceled. Reconsideration in view of the above amendments and the following remarks is respectfully requested.

Claims 1 and 6-17 were rejected under 35 U.S.C. §102(e) over U.S. Published Patent Application No. 2002/0032653 to Schutzer. This rejection is respectfully traversed.

As described in the specification, an important feature of one embodiment of the invention resides in the depository administrator maintaining a master account that is subdivided into a plurality of deposit sub-accounts for its respective customers. See, for example, page 8, lines 6-14. In this context, when a transferor initiates any activity in their deposit sub-account, for example by designating funds to pay for goods or services purchased or simply to transfer funds to a transferee, the funds are transferred internally by the depository administrator from one sub-account to another, still within the master account. Although the transferor would see a debit entry corresponding to the funds transferred and the transferee would see a corresponding credit entry, the balance of the master account is unchanged since the transfer occurs internally. See, e.g., page 9, lines 7-13.

Independent claims 1, 16 and 17 have been amended to clarify this feature of the invention. In particular, claim 1 defines a method of processing funds between the transferor and a transferee, at least the transferor having a transferor deposit sub-account administered via a depository administrator, the depository administrator maintaining a master account at a financial institution. Claim 1 further recites that each of the sub-accounts forms part of the master account such that a transfer of funds between sub-accounts does not affect a balance in the master account.

In contrast with this subject matter, the Schutzer publication discloses a system for enabling on-line payments between individuals. In this context, however, each individual is required to maintain their own account with the transacting institution, e.g., each individual is required to maintain their own bank accounts. Paragraphs [0019] and [0049] describe that if both payor and payee have an account with the transacting institution, the Schutzer invention enables payment through internal transfer from the payor's account to the payee's account. As evidence that the Schutzer system requires individual accounts administered by the transacting institution, Schutzer further describes that the transfer is effected "either as available funds in a DDA [direct deposit account] or as a credit in a credit card account." In no instance could a master account feasibly accommodate a credit card account in multiple sub-accounts. See also, paragraph [0044], describing Fig. 6 where the payor 8 and the payee 9 maintain accounts from which payment is to be made 15 and payment is to be received 16, respectively, both at the same financial institution 11. It is clear that these accounts are individual accounts and do not comprise sub-accounts as part of a master account.

Applicant thus respectfully submits that the rejection of claim 1 is misplaced.

Independent claims 16 and 17 have been amended to define related subject matter, and Applicant submits that these claims are allowable at least for reasons similar to those discussed above with regard to claim 1.

With respect to the dependent claims, Applicant submits that these claims are allowable at least by virtue of their dependency on an allowable independent claim.

Reconsideration and withdrawal of the rejection are respectfully requested.

Claim 2 was rejected under 35 U.S.C. §103(a) over Schutzer in view of U.S. Published Patent Application No. 2002/0065784 to Ranzini, and claims 3-5 were rejected under 35 U.S.C.

§103(a) over Schutzer in view of Ranzini and U.S. Patent No. 6,625,642 to Naylor. Without conceding these rejections, Applicant submits that the Ranzini publication and the Naylor patent do not correct the deficiencies noted above with regard to independent claim 1. That is, none of Schutzer, Ranzini and Naylor, taken singly or in combination, provides any suggestion to modify the Schutzer system such that user sub-accounts form part of a master account at a financial institution maintained by the depository administrator. As such, Applicant submits that these dependent claims are allowable at least by virtue of their dependency on an allowable independent claim. Withdrawal of the rejections is respectfully requested.

In view of the foregoing amendments and remarks, Applicant respectfully submits that the claims are patentable over the art of record and that the application is in condition for allowance. Should the Examiner believe that anything further is desirable in order to place the application in condition for allowance, the Examiner is invited to contact Applicant's undersigned attorney at the telephone number listed below.

Prompt passage to issuance is earnestly solicited.

Respectfully submitted,

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